

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07 INT-05 L-03

NSAE-00 NSC-05 OMB-01 PM-03 USIA-06 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 FEA-01 PA-01 PRS-01

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P R 161812Z JUN 75

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC PRIORITY 7918

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY MEXICO

AMEMBASSY PORT AU PRINCE

AMEMBASSY SANTO DOMINGO

AMCONSUL BELIZE

AMCONSUL PARAMARIBO

LIMITED OFFICIAL USE PORT OF SPAIN 1465

E.O. 11652: N/A

TAGS: ENRG ECIN EMIN PFOR XL TD VE

SUBJECT: PM WILLIAMS THREATENS TO DROP TRI-NATION ALUMINUM SMELTER  
PROJECT

REF: A) POS 1463; B) POS 1223 5/24/74; C) POS 1352 6/10/74;

D) POS 1805 7/27/74; E) POS 2912 12/16/74; F) POS 2940 12/19/74

SUMMARY: PRIME MINISTER WILLIAMS CONTINUED HIS STRONG ATTACKS ON  
VENEZUELA AT A DAY-LONG SPECIAL PARTY CONVENTION JUNE 15, SAYING  
THAT VENEZUELAN ALUMINUM SMELTING ARRANGEMENTS MADE WITH  
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JAMAICA, GUYANA AND SURINAM THREATEN THE VIABILITY OF THE

SMELTER PROPOSED TO BE BUILT IN TRINIDAD BY THE GOVERNMENTS OF GUYANA, JAMAICA AND TRINIDAD. HE ALSO CHARGED THAT EXTENSION OF VENEZUELA'S CENTRAL AMERICAN CONCESSIONAL OIL SALES PLAN TO JAMAICA AND OTHER CARIBBEAN AREAS WAS A SPECIFIC ATTACK ON TRINIDAD'S COMPETING POSITION AS AN OIL SUPPLIER TO THE CARIBBEAN. WILLIAMS DEMONSTRATED VERY REAL ANGER TOWARD VENEZUELA, AS WELL AS CHAGRIN FOR THE LACK OF CARIBBEAN SUPPORT FOR REGIONAL DEVELOPMENT PLANS ADVANCED BY TRINIDAD. END SUMMARY.

BEGIN UNCLASSIFIED

1. THE RECENT PUBLICATION OF PRIME MINISTER WILLIAMS' MAY 4 SPEECH (REF A) TO THE GENERAL COUNCIL OF THE RULING PEOPLE'S NATIONAL MOVEMENT (PNM) WAS TIMED TO PUT IT IN THE HANDS OF SEVERAL HUNDRED DELEGATES TO A SPECIAL CONVENTION OF THE PNM CONVOKED JUNE 15 TO CONSIDER "THE THREAT TO THE CARIBBEAN." ACCORDING TO PRESS REPORTS OF THE PNM CONVENTION, WILLIAMS REITERATED THE POINTS MADE IN HIS EARLIER SPEECH, AND TOLD THE PARTY DELEGATES THAT HE HAS DECIDED "TO TAKE NO FURTHER PART" IN THE PLANS FOR AN ALUMINUM SMELTER TO BE BUILT IN TRINIDAD (FUELED BY ELECTRICITY GENERATED FROM TRINIDAD'S NATURAL GAS) JOINTLY BY THE GOVERNMENTS OF GUYANA, JAMAICA AND TRINIDAD. (SEE REFS B THROUGH F FOR GENESIS OF SMELTER PROJECT, IN WHICH WILLIAMS COMMITTED HIS GOVERNMENT TO RAISE FINANCING FOR THE 200,000 TON/YEAR CAPACITY SMELTER, TO WHICH GUYANA AND JAMAICA EACH WERE TO SUPPLY ONE-HALF OF THE ALUMINA INPUT.)

2. ACCORDING TO THE PRIME MINISTER, VENEZUELA PLANS TO INCREASE ITS ALUMINUM PRODUCTION FROM 55,000 TON/YEAR TO 330,000 TONS/YEAR, UTILIZING ALUMINA AND BAUXITE FROM JAMAICA, SURINAM AND GUYANA. HE SAID IT IS NOT POSSIBLE TO VIEW THE VENEZUELAN PLANS AS ANYTHING BUT A "CALCULATED ATTACK" ON THE TRINIDAD SMELTER PROJECT, AND NOTED THAT SINCE THERE ARE MANY OTHER COMPETING USES POSSIBLE FOR TRINIDAD'S NATURAL GAS, HE WOULD CEASE HIS PERSONAL INVOLVEMENT IN THE ALUMINUM SMELTER AND LEAVE THE PROJECT IN THE HANDS OF MINISTER OF INDUSTRY AND COMMERCE ERROL MAHABIR.

3. DR. WILLIAMS ALSO CHARGED THAT OIL SUPPLY AGREEMENTS REPORTEDLY MADE BETWEEN VENEZUELA AND OTHER COUNTRIES (JAMAICA AND SURINAM) ARE DESIGNED SPECIFICALLY AS "AN ATTACK ON TRINIDAD LIMITED OFFICIAL USE

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AS AN OIL COMPETITOR AND TO SUPPLANT TRINIDAD OIL" IN THE CARIBBEAN COMMUNITY, SINCE OIL TRADE IS NOT COVERED BY THE CARICOM ECONOMIC INTEGRATION AGREEMENTS. THE PRIME MINISTER SAID THAT IF HIS CARICOM COLLEAGUES AND POTENTIAL COLLEAGUES (READ SURINAM) WERE EVER TO "DECIDE UPON A POLICY TO ERODE CARICOM AS THE FIRST STEP TOWARD ITS DESTRUCTION, THEIR POLICY WOULD NOT DIFFER MATERIALLY FROM THE AGREEMENTS ALREADY ENTERED INTO." END UNCLASSIFIED

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4. COMMENT: ALTHOUGH DR. WILLIAMS SEEMS TO BE PAINTING HIMSELF FURTHER INTO A CORNER AS THE CARIBBEAN'S "ODD MAN OUT," HE DOES SINCERELY BELIEVE HIMSELF TO BE THE ARCHITECT OF AND PRIME MOVER BEHIND CARIBBEAN REGIONAL INTEGRATION, AND HIS VIEW OF THE REGION CLEARLY PLACES VENEZUELA ON THE OUTSIDE. THE PRIME MINISTER THOUGHT THAT TRINIDAD'S OIL INCOME AND RESERVES OF NATURAL GAS WOULD GIVE HIM AN UNBEATABLE BARGAINING CARD IN FORCING REGIONAL INTEGRATION ON HIS TERMS, YET HE HAS SEEN HIS CARIBBEAN COLLEAGUES FAIL TO RESPOND TO SOME INITIATIVES (SUCH AS A REGIONAL FOOD PRODUCTION SCHEME) OR APPEAR TO DELIBERATELY TURN THEIR BACK ON OTHERS (THE ALUMINUM SMELTER). SINCE HE HAD PERSONALLY SPEARHEADED THE EFFORT TO FIND FINANCING FOR THE ALUMINUM SMELTER, WE PRESUME THIS PROJECT WILL LAPSE (ALTHOUGH A NORWEGIAN FIRM HAS BEEN CONTRACTED TO DO A PRE-FEASIBILITY STUDY) AND THE GOTT'S ENERGY-RELATED INDUSTRIAL DEVELOPMENT PROGRAM WILL CONCENTRATE ON NON-REGIONAL PROJECTS SUCH AS AN IRON AND STEEL PLANT, FERTILIZER AND PETROCHEMICAL PLANTS. ALTHOUGH TOO EARLY TO JUDGE, IT ALSO APPEARS THAT TRINIDAD MAY BECOME A MUCH LESS ENTHUSIASTIC SUPPORTER OF THE CARIBBEAN COMMUNITY'S PROGRAM OF REGIONAL INTEGRATION, AT LEAST UNTIL INTER-GOVERNMENT CONSULTATION IS VASTLY IMPROVED. OUTRIGHT REJECTION OF CARICOM IS UNLIKELY, HOWEVER, SINCE THIS WOULD MEAN ABANDONMENT OF MOST OF THE FOREIGN POLICY OBJECTIVES FOR WHICH DR. WILLIAMS HAS WORKED DURING MOST OF HIS LIFE.

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## Message Attributes

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